

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6433

BILL NUMBER: HB 1278

DATE PREPARED: Dec 17, 1998

BILL AMENDED:

SUBJECT: Medicaid Payments for Tobacco Related Diseases.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the Tobacco Related Diseases Fund within the state Medicaid program to pay the state's share of Medicaid payments for the treatment of tobacco related diseases. The bill provides that money in the Fund consists of cigarette taxes and tobacco products taxes collected by the state. (Current law provides that these taxes are deposited in the Cigarette Tax Fund, the Mental Health Centers Fund, the state General Fund, and the Pension Relief Fund.)

The bill requires that money in the Fund be used in its entirety during each state fiscal year before the state's share of Medicaid payments for the treatment of tobacco related diseases may be taken from the Medicaid account within the state General Fund. It also requires a health care provider to inform the office of Medicaid policy and planning when the provider treats an individual who is enrolled in the Medicaid program for a tobacco related disease. It requires the Office of Medicaid Policy and Planning (OMPP), with the assistance of the State Department of Health, to establish a list of tobacco related diseases.

The bill repeals provisions specifying certain allocations of funds collected by the Cigarette Tax. It also makes conforming amendments.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill establishes the Tobacco Related Diseases Fund into which will be deposited revenues generated by the Cigarette Tax and Tobacco Products Tax. These taxes are projected to generate \$119.6 M for FY2000 and \$117.9 M for FY2001. Monies in the Tobacco Related Diseases Fund is for the purpose of paying the state's share of Medicaid payments for the treatment of tobacco-related diseases. These monies will substitute for state General Fund monies currently used for the state match in the Medicaid program.

The current distribution will be eliminated by this bill. The projected distribution, under current law, would

be:

Fund	% Share	FY2000	FY2001
General Fund	45.16%	\$54.0 M	\$53.3 M
Mental Health Centers Fund	3.23%	\$3.9 M	\$3.8 M
Cigarette Tax Fund	22.58%	\$27.0 M	\$26.6 M
Pension Relief Fund	29.03%	\$34.7 M	\$34.2 M
Total	100.00%	\$119.6 M	\$117.9 M

Of the distribution to the General Fund, \$190,000 is annually appropriated to the State Department of Health for supplementary funding for the Women, Infants, and Children (WIC) program; \$190,000 is annually appropriated to the State Department of Health for Maternal and Child Health Services; \$550,000 is annually transferred to the School Age Child Care Project Fund; and \$2,370,000 is annually appropriated to the Local Health Maintenance Fund to provide funds for annual distribution to local Boards of Health.

Money in the Mental Health Centers Fund is annually appropriated to the Division of Mental Health for Community Mental Health Centers.

Of the distribution to the Cigarette Tax Fund, one-third goes to the Dept. of Natural Resources (about \$9.0 million for FY2000) and two-thirds goes to cities and towns (about \$18.0 million for FY2000) based on population.

There could be some initial administrative costs incurred by the state for system changes to allow coding and appropriate allocation of the Fund monies as the state Medicaid match.

Explanation of State Revenues: See Explanation of State Expenditures, above.

Explanation of Local Expenditures:

Explanation of Local Revenues: See Explanation of State Expenditures, above, regarding the distribution of the Cigarette Tax Fund to cities and towns and local health departments.

State Agencies Affected: Family and Social Services Administration, State Department of Health, Department of Natural Resources.

Local Agencies Affected: Cities and Towns, Local Health Departments.

Information Sources: